

[6 March, 2007]

RAJYA SABHA

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (d) Data Reporting System does not generate information in the manner asked for.

Cut in Customs duty to curtail inflation

795. SHRI SYED AZEEZ PASHA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government have cut Customs duty on several items as a measure to bring down inflation;

(b) if so, the details thereof and the expected loss of revenue thereby;

(c) whether it is a fact that similar cuts in import duty of wheat and pulses earlier have not succeeded in bringing down inflation; and

(d) what impact the recent cut on Customs duty on several items has made on their domestic prices?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Yes, Sir.

(b) Prior to this year's budget Government has reduced import duty on a number of commodities like pulses, maize, wheat edible oils, metals capital goods cement etc. Details of such changes made in the duty rates are given in the Statement (See below). Revenue loss on account of these changes is estimated to be around Rs. 4900 crore in a full year.

(c) and (d) Commodity prices depend on many factors, like supply-demand position, domestic production, international prices of commodities. Duty free import of wheat and pulses to ameliorate the shortfall in domestic output relative to domestic demand had a limited impact on domestic prices because of firm international prices. There has, however, been a reduction in prices of sugar. As regards recent changes in import duties including those in January, 2007, these are expected to bring down the cost of manufactured goods.

Statement

Details of major changes made in customs duty rates since June, 2006 till Budget 2007-08

- (a) *Pulses*: Basic customs duty was reduced from 10% to Nil on 08.06.2006, valid upto 31.07.2007;
- (b) *Sugar*: Basic customs duty was reduced from 60% to Nil on 23.6.2006, which was valid upto 30.09.2006.
- (c) *Palm Oils*: Basic customs duty was reduced on crude/refined oils from 80%/90% to 70%/80% on 11.8.2006, and then again on 24.01.2007 from 70%/80% to 60%/67.5%. This concession is valid without any time limit. In addition, the tariff values for palm oils have been frozen at July, 2006 level.
- (d) *Sunflower oils*: Basic customs duty was reduced on crude/refined oils from 75%/85% to 65%/75 on 24.01.2007.
- (e) *Wheat*. Basic customs duty was initially reduced from 50% to 5%, which was further reduced to Nil. The exemption was valid upto 28.02.2007.
- (f) *Ferro alloys, alloy steels, non-ferrous metals, capitals goods, refractories*: From 7.5% to 5% and on project imports from 10% to 7.5% on 22.1.2007 without time limit.
- (g) *Cement*. From 12.5% to Nil on 22.1.2007 without any time limit.
- (h) *Maize*: Basic customs duty was reduced from 50% to Nil on 25.01.2007 valid upto 31.12.2007.

Committee for an Islamic Bank

†796. SHRI PYARELAL KHANDELWAL: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government have taken a decision for constituting a Committee to find out the possibility of constituting an Islamic Bank;

(b) if so, the details thereof;

†Original notice of the question was received in Hindi.